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Budget Work Session Monday, June 1 at 4 P.M.

Reminder that Council will meet in scheduled budget work session on **Monday at 4:00 P.M.** The agenda for the budget session was published on Friday:

<https://pub-raleighnc.escribemeetings.com/>

Regular Council Meeting Tuesday, June 2 - Afternoon and Evening Sessions

Reminder that Council will meet next **Tuesday** in regularly scheduled sessions at **1:00 P.M.** and **7:00 P.M.** The agenda for the meeting was published on Thursday:

<https://pub-raleighnc.escribemeetings.com/>

Please note there will be a **Closed Session** immediately following the afternoon session of the Council meeting.

Reminder: If there is an item you would like to have pulled from the consent agenda for discussion, please send an e-mail to mayorstaff@raleighnc.gov by 11 A.M. on the day of the meeting.

INFORMATION:

Monthly Update on Reflecting Raleigh: The Next Comprehensive Plan

Staff Resource: Sarah Shaughnessy, Planning & Development, 996-2234, sarah.shaughnessy@raleighnc.gov

The attached staff memo provides a monthly update on Reflecting Raleigh, the process for developing the Next Comprehensive Plan. Staff are wrapping up phase two of the project and planning for phase three. The memo includes additional details on ongoing work with technical teams and upcoming work including the Cost of Growth Analysis, Facility Fee Study, map development, plan drafting, and plan design.

(Attachment)

Weekly Digest of Special Events

Staff Resource: Sarah Heinsohn, Office of Special Events, 996-2200, sarah.heinsohn@raleighnc.gov

Included with the *Update* materials is the special events digest for the upcoming week.

(Attachment)

Council Member Follow Up Items

Follow-Up from May 28 Community Meeting

Housing Affordability/Feedback for Mayor Cowell

Staff Resource: Patrick Young, Planning and Development, patrick.young@raleighnc.gov, 616-1468;

Emila Sutton, Housing and Community Development, emila.sutton@raleighnc.gov, 996-6947

Last week, Mayor Cowell received several questions about housing and housing policy in the City from a community organization. Planning and Development staff worked in collaboration with the Housing and Community Development (HCD) Department to compile responses, which were shared with the Mayor on May 27th and are also included with this week's *Update* materials.

(Attachment)

To	Marchell Adams-David, City Manager
Thru	Patrick O. Young, AICP, Planning & Development Director
From	Sarah Shaughnessy, AICP, Principal Planner
Department	Planning and Development
Date	May 29, 2026
Subject	Monthly Update on Reflecting Raleigh: The Next Comprehensive Plan

Overview

Raleigh’s Comprehensive Plan serves as the city’s long-term vision for the built environment. [Reflecting Raleigh](#) is the process of developing the Next Comprehensive Plan, which will include a focus on sustainable and equitable growth, aligning adopted city plans and priorities, and enhanced community engagement.



Staff are wrapping up phase two of the project and planning for phase three. This memorandum includes additional details on ongoing work with technical teams and upcoming work including the Cost of Growth Analysis, Facility Fee Study, map development, plan drafting, and plan design.

Technical Teams

Reflecting Raleigh’s five Technical Teams continue to meet monthly to identify key issues, draft policy recommendations, and advise on implementation actions. The teams include city staff, board and commission members, and Council-appointed experts from the Raleigh community. Each team is focused on one of five topic areas:

- Land Use
- Transportation
- Housing and Neighborhoods

- Natural Resources
- Infrastructure and Services

The Technical Teams will conclude their six- month meeting series in June. Staff will share the teams' final recommendations as part of a larger phase two project update with City Council in the fall. More information about the technical teams is available on the [project website](#).

Cost of Growth & Facility Fee Studies

To support the Reflecting Raleigh Comprehensive Plan, the City is investing in two consultant-led studies that will run in parallel. The Cost of Growth study will model the fiscal impacts of different development scenarios and provide a tool to support decisions around annexation and rezonings and evaluate level of service standards and expectations across the City. The Facility Fee study will update the open space and transportation facility fee schedule and process based on current information and best practices. Both studies are expected to be completed by May 2027.

Staff have shared information about these studies with City Council in the context of the Comprehensive Plan and the adoption of the Annexation Priority Area Resolution:

- **March 11, 2025 Work Session:** [Comprehensive Plan Update](#)
- **September 27, 2025 Council Retreat:** [Comprehensive Plan Update](#)
- **October 14, 2025 Work Session:** [Review and Discussion of Retreat Feedback](#)
- **October 21, 2025 Regular Meeting:** [Adoption of Annexation Priority Area Resolution](#)

Deliverables from the Cost of Growth study will inform the growth management framework outlined in the Next Comprehensive plan, help set attainable goals for service in the Comprehensive Plan, and provide a model for clearer estimation of financial impacts of rezoning and annexation decisions.

Facility fees are one tool the City can leverage to cover the cost of growth the City is projected to experience over the next several decades. The City's last in-depth study of facility fees was completed in 2006. Many variables and practices related to development and associated facilities have changed significantly since that time. This study aims to update the City's fee schedule and associated processes to reflect current costs and industry practices.

Conducting both studies in conjunction with the Comprehensive Plan will create a foundation for steady state budgeting, linking anticipated growth and citywide goals to the capital and operational costs of achieving those goals.

Other Project Updates

The final version of the Next Comprehensive Plan will be fully online. Phase three of Reflecting Raleigh will include content and policy drafting based on information collected in phases one and two; updating and adjusting maps included in the plan; and developing the website and online tools that will support the plan. Work is underway to prepare for these tasks and to onboard the consultant team who will advise and support plan drafting and website development.

Weekly Events Digest

Friday, May 29 – Thursday, June 4

City of Raleigh Office of Special Events
specialevents@raleighnc.gov | 919-996-2200 | raleighnc.gov/special-events-office

Permitted Special Events

[Makers & Music Series](#)

Compiegne Park & Logan Court

Friday, May 29

Event Time: 6:30pm - 9:30pm

Associated Road Closures: Logan Court between Chamberlain Street and just north of Hope Street will be closed (Hope Street will remain open) and Compiegne Park will be used from 3:00pm until 11:00pm.

[Around the World, Raleigh](#)

Moore Square & Hargett Street

Saturday, May 30

Event Time: 11:00am - 7:00pm

Associated Road Closures: Hargett Street between S. Blount Street and S. Person Street will be closed and Moore Square will be used from 7:00am until 9:00pm.

[A New Nash Bash](#)

Nash Square & Martin Street

Saturday, May 30

Event Time: 2:00pm - 6:00pm

Associated Road Closures: Martin Street between S. Dawson Street and S. McDowell Street will be closed and Nash Square will be used from 12:00pm until 7:00pm.

[Dreamflash Kids Festival](#)

Dix Park, Adams Field

Sunday, May 31 (rescheduled from May 24)

Event Time: 1:00pm - 6:00pm

Associated Impacts: Adams Field will be used from 9:00am until 9:00pm.

Other Upcoming Events

[Big Screen Bash: Zootopia 2](#)

Friday, May 29

Lions Park

[Game 5: Canadiens vs. Hurricanes](#)

Friday, May 29

Lenovo Center

[Inter-Tribal Pow Wow](#)

Saturday, May 30

Dix Park, Harvey Hill

[Mental Wellness Family Fun Day](#)

Saturday, May 30

Roberts Park

[Annual International Children's Day](#)

Saturday, May 30

City of Raleigh Museum

Community Cookout

Saturday, May 30
State Street (across from former DMV site)

Ben Folds & A Piano Tour

Saturday, May 30
Meymandi Concert Hall

Young the Giant

Saturday, May 30
Red Hat Amphitheater

CC & Company

Saturday, May 30 & Sunday, May 31
Raleigh Memorial Auditorium

Summer Concert Series

Sunday, May 31
Fred Fletcher Park

Game 7: Canadiens vs. Hurricanes (if necessary)

Tuesday, June 2
Lenovo Center

MGK

Tuesday, June 2
Coastal Credit Union Music Park at Walnut Creek

Biodegradable Yard Waste Bag Giveaway

Wednesday, June 3
Millbrook Exchange Park

Live After 5

Thursday, June 4
Moore Square

Sam Barber

Thursday, June 4
Red Hat Amphitheater

Raleigh Dance & Tumble – Time 2 Dance

Thursday, June 4 – Saturday, June 6
Fletcher Opera Theater

Dinosaur! (Theatre for the Very Young)

Through Sunday, June 14
Raleigh Little Theatre

Public Resources

Event Feedback Form: Tell us what you think about Raleigh events! We welcome feedback and encourage you to provide comments or concerns about any events regulated by the Office of Special Events. We will use this helpful information in future planning.

Weekly Events Digest

Friday, May 29 – Thursday, June 4

City of Raleigh Office of Special Events
specialevents@raleighnc.gov | 919-996-2200 | raleighnc.gov/special-events-office

[Road Closure & Road Race Map](#): A resource providing current information on street closures in Raleigh.

[Online Events Calendar](#): View all currently scheduled events that impact city streets, public plazas, and Dix Park.

New Amplified Noise Ordinance Takes Effect January 2026

The City Council approved a [new amplified noise ordinance](#), which went into effect Jan. 1, 2026. Stadiums, arenas, and outdoor sports or entertainment venues, including amphitheaters, are exempt. Parades, outdoor events, races, festivals, and concerts that receive a permit from the Office of Special Events are also not subject to the ordinance.

Council Member Follow Up

To	Niki Jones, Assistant City Manager Evan Raleigh, Assistant City Manager
From	Emila Sutton, Housing and Community Development Director Patrick O. Young, AICP, Planning and Development Director
Department	Housing and Community Development (HCD); Planning and Development (PlanDev)
Date	May 25, 2026
Subject	Housing Affordability / Feedback for Mayor Cowell

Last week, Mayor Cowell asked for staff input/feedback on questions provided by Livable Raleigh in advance of the Mayor’s scheduled May 28, 2026, meeting with representatives of that group. Please see responses and feedback below, which reflects the work of many HCD and PlanDev staff. Livable Raleigh questions are in ***bold italics***, with staff response in regular script.

How does the City track lost affordable units?

1. Does the City keep track of lost affordable housing units due to demolition and/or replacement? If so, how?

Answer: This important topic has been discussed several times in the past year, including at a Council Work Session on February 10, 2026.

Staff recommended a methodology for tracking the annual net change in total housing units to help assess progress toward closing the affordable housing gap. Annual net change can be estimated by taking the total number of residential Certificates of Occupancy (COs) issued during the year and subtracting the number of units permitted for demolition during the same period. The result represents the net number of residential units added to the city’s housing stock, reflecting both new construction and losses from demolition.

Total Number of Certificates of Occupancy
- Number of Units Permitted for Demolition
 Net Number of Units Added or Lost

This net change in housing supply will then be compared against the number of City-financed affordable units, other LIHTC units, and Raleigh Housing Authority (RHA) units delivered in the same year. This comparison will allow us to measure both the pace of overall housing growth and the share of that growth contributing to affordable housing, providing a clearer picture of how quickly we are closing the gap.

Net Number of Units Added or Lost
÷ Number of Affordable Housing Units Delivered

Subsidized Housing Growth as a Share of Overall Housing Growth

For FY23-24 this totals to 409 units and for FY24-25 it totals to 1,100 unit, per Housing and Community Development.

How does Raleigh’s affordable loss and gain data compare with these sources?

2. Raleigh’s 2026-2030 Affordable Housing Plan and 2026-2030 HUD Consolidated Plan estimate annual affordable housing (staff benchmark: rents ≤ \$999/mo) losses at 4,700 units and gains at 480 units. Are these numbers accurate?

As of February 2026, there are 76,931 units affordable at 80% AMI and below, which is 81% of the total number of market rate units in the City.¹ Data shows that NOAH in Raleigh decreased from 2020 to 2022, and then in fact increased from 2022 to 2026; however, this is almost entirely due to the increase in income levels (and subsequently, the Area Median Income or “AMI”) during that period, while rents remained relatively stable. The 2025 average AMI for a four-person household in the Raleigh Metropolitan Statistical Area (MSA), which includes Wake and Johnston Counties, is \$132,300. The tables below indicate how AMI in the Raleigh MSA has changed from 2020-2026, and correspondingly, what is defined as an affordable rent.

City	Total Units*	Total Market-Rate Units	NOAH Units Affordable at 30% AMI or Less	NOAH Units Affordable at 30-60% AMI	NOAH Units Affordable at 60-80% AMI	Total NOAH Units (80% AMI or less)
Raleigh	107,613	94,669	331	47,818	28,782	76,931

**Total Units includes affordable, mixed income, market, and unspecified.*

Raleigh NOAH	2020	2021	2022	2023	2024	2026
Total Units*	68,216	69,741	68,065	70,908	79,008	94,669
Units 0-30% AMI	392	32	195	259	258	331
Units 31-60% AMI	25,187	13,801	11,544	13,659	31,529	47,818
Units 61-80% AMI	31,453	33,774	40,354	41,197	37,589	28,782
Total Units 0-80% AMI	57,032	47,607	52,093	55,115	69,376	76,931

¹ It is important to note that tracking NOAH is inherently imprecise, as affordability can change without formal transactions or permits. These measures should be understood as estimates rather than exact counts; however, meaningful trends can be identified over time. Another factor to consider, in addition to NOAH, is tax credit properties that are nearing the expiration of their affordability period and may become subject to market-rate conversion. The [North Carolina Housing Finance Agency conducted an analysis](#) looking at expiring tax credit properties and recommending strategies for preserving their affordability.

**Total market-rate multifamily apartment units analyzed, built by April of source year. Source: CoStar (rents as of February 2026)*

% of Units Below AMI Thresholds	2020	2021	2022	2023	2024	2026
% of Units 0-30% AMI	0.6%	0.0%	0.3%	0.4%	0.3%	0.3%
% of Units 31-60% AMI	36.9%	19.8%	17.0%	19.3%	39.9%	50.5%
% of Units 61-80% AMI	46.1%	48.4%	59.3%	58.1%	47.6%	30.4%
Total % of Units 0-80% AMI	83.6%	68.3%	76.5%	77.7%	87.7%	81.3%

**Total market-rate multifamily apartment units analyzed, built by April of source year. Source: CoStar (rents as of February 2026)*

HUD Income Limits, Raleigh-Cary NC MSA

Source: US Dept. Housing and Urban Development (HUD)

Year	2020				2021				2022			
	1-person	2-person	3-person	4-person	1-person	2-person	3-person	4-person	1-person	2-person	3-person	4-person
30% of AMI	\$19,800	\$22,600	\$25,450	\$28,250	\$20,100	\$23,000	\$25,850	\$28,700	\$22,500	\$25,700	\$28,900	\$32,100
50% of AMI	\$32,950	\$37,650	\$42,350	\$47,050	\$33,500	\$38,300	\$43,100	\$47,850	\$37,450	\$42,800	\$48,150	\$53,500
60% of AMI	\$39,540	\$45,180	\$50,820	\$56,460	\$40,200	\$45,960	\$51,720	\$57,420	\$44,940	\$51,360	\$57,780	\$64,200
80% of AMI	\$52,750	\$60,250	\$67,800	\$75,300	\$53,600	\$61,250	\$68,900	\$76,550	\$59,950	\$68,500	\$77,050	\$85,600
100% of AMI	\$65,900	\$75,300	\$84,700	\$94,100	\$67,000	\$76,600	\$86,200	\$95,700	\$74,900	\$85,600	\$96,300	\$107,000

Year	2023				2024				2026			
Household Size	1-person	2-person	3-person	4-person	1-person	2-person	3-person	4-person	1-person	2-person	3-person	4-person
30% of AMI	\$23,800	\$27,200	\$30,600	\$34,000	\$25,700	\$29,400	\$33,050	\$36,700	\$27,800	\$31,800	\$35,750	\$39,700
50% of AMI	\$39,700	\$45,350	\$51,000	\$56,650	\$42,850	\$48,950	\$55,050	\$61,150	\$46,350	\$52,950	\$59,550	\$66,150
60% of AMI	\$47,640	\$54,420	\$61,200	\$67,980	\$51,420	\$58,740	\$66,060	\$73,380				
80% of AMI	\$63,500	\$72,550	\$81,600	\$90,650	\$68,500	\$78,250	\$88,050	\$97,800	\$74,100	\$84,700	\$95,300	\$105,850
100% of AMI	\$79,400	\$90,700	\$102,000	\$113,300	\$85,700	\$97,900	\$110,100	\$122,300				

How does Raleigh's Middle Housing infill compare with Portland data?

3. Can the city provide information comparable to Portland Oregon's Middle Housing infill data, showing the number of 2, 3 & 4 unit for sale infill dwellings built in recent years?

Portland Middle Housing Results:

- **by mid-2024 Middle Housing made up 43% of new units in single-dwelling zones**
- **new Middle Housing sold for \$250,000 to \$300,000 less on average than newly built single-detached homes**
- **new Middle Housing production has not increased demolitions (Raleigh demolitions have doubled recently)**

Answer: Raleigh is doing well compared to our peers, as illustrated by data in a recent article from the New York Times.² It is important to note that direct comparisons between Raleigh's Missing Middle housing outcomes and Portland, Oregon's "Middle Housing" program are somewhat constrained by fundamental differences in regulatory structure and urban form.

Portland's approach relies heavily on a Floor Area Ratio (FAR)-based development framework, which regulates the relationship between building floor area and lot size as a primary mechanism for managing residential density and scale. FAR systems tend to function most predictably in cities with relatively uniform block patterns, standardized lot dimensions, and a consistent street grid — characteristics common in many western U.S. cities, including Portland.

Raleigh does not utilize FAR as a primary residential development control. Instead, Raleigh's zoning ordinance regulates neighborhood scale and development intensity through a combination of dimensional standards such as building height, setbacks, frontage requirements, transitions, and open space standards. This framework reflects Raleigh's more varied development pattern, which includes irregular parcel configurations, suburban block structures, curvilinear street networks, and substantial variation in lot size and shape across established neighborhoods.

As a result, Portland's reporting categories and production metrics for "Middle Housing" do not translate directly to Raleigh's regulatory environment. While Raleigh's regulatory structure differs from Portland's FAR-based system, recent development activity demonstrates growing utilization of Missing Middle housing types across the city:

- Since the passing of the Missing Middle Text Change in August of 2021, there have been 8,159 building permits issued or completed – this equates to 29,631 housing units. Of this, 5,854 building permits (6,288 housing units) are in residential zoning districts (R-1, R-2, R-4, R-6, R-10). Of these building permits in R- districts, 677 building permits (757

² The Editorial Board. (2026, May 18). America Needs to Build More Housing. *The New York Times*. <https://www.nytimes.com/interactive/2026/05/18/opinion/affordable-housing-america.html>

housing units) were enabled via the Missing Middle Text Changes. This means ~12% of the housing units permitted in residential zoning districts from August 2021-March 2026 were Missing Middle-enabled. Going forward, an even higher share (approximately 1/3rd of all units) are likely to be Missing-Middle enabled, as shown in the chart below (ie: units that are approved but have not yet advanced to the building permit stage).

- 139 building permits (283 housing units) for 2/3/4-unit dwellings have been permitted within the City (building permit issued or complete) Of this, 71 of these permits (146 housing units) were enabled via Missing Middle Text Changes. This means ~52% of the housing units associated with all 2/3/4-unit dwellings permitted from August 2021-March 2026 were Missing Middle-enabled.
- 2/3/4-unit homes increased by roughly 46.6% in the past five years (August 2021-March 2026) relative to the prior five-year period (January 2016-August 2021)

Missing Middle Housing Units from ASR/SUB Plans by Building Type (Aug 2021–Mar 2026):

Dev. Type	Unit Count	% of Total
Detached House	39	1.17%
Duplex	64	1.92%
Apartment	1173	35.10%
Mixed Use	12	0.36%
Townhouse	2003	59.93%
Tiny House	51	1.53%
Grand Total	3342	100%

Should rezoning applicants offer community benefit conditions in return for upzonings?

4. Does the city want greater contributions to housing affordability and other community benefits in return for conferring substantially increased land value via rezoning cases? Or is building more high-end apartments units and expensive townhouses and houses a sufficient contribution?

Answer: The City will always welcome greater contributions to housing affordability and other benefits from development. Benefits inherent to the residential or commercial development process realized through standard regulation include but are not limited to: stormwater management; new streets, sidewalks, and bicycle facilities; water and sewer infrastructure upgrades and expansion; financial support for the parks and greenways systems. Adding to the housing supply is a significant benefit of residential development; steady supply increases help moderate the rise in the price of housing for the entire community. Under current law, the applicant for a conditional rezoning must be the property owner and all zoning conditions must be offered on a strictly voluntarily basis by the applicant. These requirements limit what additional benefits can be realized in the rezoning process. Historically, only about 3% of the city is rezoned each year, which means that the rezoning process is not an effective way to realize widespread change in the short term.

Beyond the benefits enumerated above, conditioned benefits that directly impact project economics are difficult to obtain through the rezoning process. Although all rezoning applications are signed by owner(s), the application itself is typically paid for and managed by a developer who is under contract to purchase the property at an agreed-upon price, contingent upon the approval of the new zoning. Because the price for the land is set, the ability to negotiate community benefits against the land value is already lost.

What is the impact on land values of speculative upzonings?

5. Does the city track the impact of speculative rezonings on land prices? Should the city support upzoning properties when there is no plan to actually build on the land?

We understand the term “speculative upzoning” to mean when a property owner rezones a property with the goal of enhancing its price for a future sale. The City does not track the value impact of such upzonings. To do so would require establishing the land value at two points in time: pre- and post-rezoning. This is difficult to do unless the land is purchased shortly prior to rezoning and sold shortly after rezoning. Absent a sale, the only way to estimate market value is through appraisal. The City does not obtain appraisals of property filing for rezoning, nor do we require this of applicants.

As to whether speculative upzoning increases the value of the property being upzoned, that depends on whether there is a market for the additional entitlement being conferred. The densest development does not necessarily produce the highest land value—other factors such as construction costs and rents can result in lower density options producing the highest use value. For example, in areas of low housing demand, an upzoning adds no value to land.

As for whether a speculative upzoning should be supported, that is a City Council decision based on whether the proposed zoning is better aligned with City policy and the public interest than existing zoning. If land values increase following a rezoning, this indicates that prior zoning were constraining land values and obstructing needed housing.

Should upzoning applications include proportional affordability conditions?

6. Should the city resist rezoning approvals in the absence of conditions offering public benefits, including affordable housing units and/or in-lieu monetary donations, in the application?

Answer: The City’s legal authority to require affordable housing conditions as a prerequisite to approval is uncertain and implementing such a practice invites significant legislative and legal risk.

It is also not clear what a “proportional” affordability condition would be. The concept of proportionality is typically invoked when conditions are intended to mitigate specific impacts. Rezoning that permit more housing units to be built do not have an adverse impact on housing affordability, because building new housing units does not make existing housing units more expensive within the wider market. It could be argued that there is a localized impact if the new development brings new amenities to an area, making it more desirable. Such impacts would be hard to estimate and at least some of the research casts doubts on whether they exist.

For example, Asquith, Mast & Reed found that new housing in a low-income neighborhood lowered prices overall as the supply impact outweighed the amenity impact.³

Similarly, Pew Charitable Trusts researchers studying upscale housing production found that “when not enough homes are built in high-income neighborhoods, people who would have lived in those neighborhoods can usually afford to move into middle-income neighborhoods, and middle-income residents can usually afford to move into low-income neighborhoods, but residents of low-income neighborhoods have nowhere to turn... Building more housing—both throughout a metropolitan area and in a particular neighborhood—keeps rent growth lower overall, but it takes the most pressure off of older, less-expensive housing, essentially mitigating the competitive process just described.”^{4,5}

³ Asquith, Brian J., Mast, E. & Reed, D. 2019. Supply Shock Versus Demand Shock: The Local Effects of New Housing in Low - Income Areas. Upjohn Institute Working Paper 19-316. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. <https://doi.org/10.17848/wp19-316>

⁴ Rodnyansky, S., Su, D. & Horowitz, A. (2025, July 31). New Housing Slows Rent Growth Most for Older, More Affordable Units. The Pew Charitable Trusts. <https://www.pew.org/en/research-and-analysis/articles/2025/07/31/new-housing-slows-rent-growth-most-for-older-more-affordable-units>

⁵ This video from the Pew Charitable Trust shows how migration chains work and how new, market-rate supply directly impact the availability of housing for low-to-moderate income housing: <https://www.youtube.com/watch?v=QQYMUMTI7fk>

Do upzoning provide inherently adequate benefits?

7. Or, in the alternative, should the city assume that any rezoning should be approved with or without conditions for public benefits, on the theory that “more” zoning entitlement is the important thing?

Answer: Every rezoning is a site-specific decision, and it should never be assumed that any rezoning should be approved. All rezonings are analyzed for consistency with City plans, impacts to infrastructure and the environment, and public benefits. Zoning changes can bring benefits without specific conditions attached. For example, City policy generally supports increasing housing density along Bus Rapid Transit corridors, and so an upzoning that helped create transit-supportive density at a BRT station would generally align with adopted policy and be seen as supporting the public investment. The final rezoning decision lies with City Council and their judgement as to whether or not the request is in the public interest.

Morgan Mansa says affordability via filtering is ineffective

8. In two recent interviews, Wake County's Director of Affordable Housing and Community Revitalization has questioned supply-side affordability as an important tool in addressing Wake County's affordability problems. Here are two quotes:

- ***"the time it takes for you to build the number of units that are needed to have the market respond ... is way too long for any of us"***
- ***"We also just can't have folks waiting decades upon decades for the supply to be that solver for us."***

How long does it take for filtering to measurably lower rents for low- and moderate-income households in Raleigh?

Answer: Research and data show that expanding housing supply stabilizes the market and helps prevent displacement, and that these effects occur *within just a few years*. The housing market is somewhat segmented by income, but all segments affect the other segments and there is one single housing market. Failure to provide enough housing for wealthier people will result in wealthier people displacing lower income people in the market (think musical chairs).

- National market data is clear: cities that aggressively built more housing in recent years saw rents flatten or fall. Cities that restricted construction saw rents surge.⁶
- Filtering does not take decades to work. Research demonstrates that new market-rate construction quickly loosens the middle- and low-income housing markets by creating moving chains. When higher-income households move into new units, they free up existing lower-cost housing stock.^{7,8}
- Adding new housing reduces the likelihood of displacing existing residents by absorbing the demand that would otherwise price them out of older neighborhoods.⁹
- Justine Underhill, Falls Church, VA City Council Member, explores supply-side skepticism in her YouTube explainer video: [What Luxury Housing Does to Homelessness](#).
- See the chart below illustrating the relationship between housing supply and affordability.¹⁰

⁶ Horowitz, A., & Canavan, R. (2023, April 17). More Flexible Zoning Helps Contain Rising Rents. The Pew Charitable Trusts. <https://www.pew.org/en/research-and-analysis/articles/2023/04/17/more-flexible-zoning-helps-contain-rising-rents>.

⁷ Bratu, C., Harjunen, O., & Saarimaa, T. (2023). City-wide effects of new housing supply: Evidence from moving chains. *Journal of Urban Economics*, 133, Article 103528. <https://doi.org/10.1016/j.jue.2022.103528>

⁸ Mast, E. (2023). JUE Insight: The effect of new market-rate housing construction on the low-income housing market. *Journal of Urban Economics*, 133, Article 103383. <https://doi.org/10.1016/j.jue.2021.103383>

⁹ Been, V., Ellen, I. G., & O'Regan, K. (2025). Supply skepticism revisited. *Housing Policy Debate*, 35(1), 96–113. <https://doi.org/10.1080/10511482.2024.2418044>

¹⁰ Flitter, E., & Popovich, N. (2025, December 23). Luxury apartments are bringing rent down in Austin, Denver. *Bloomberg*. <https://www.bloomberg.com/news/articles/2025-12-23/luxury-apartments-are-bringing-rent-down-in-austin-denver>

Rents Fell in Cities That Built More

Cities that built more new apartments in recent years largely saw rents plummet. Cities that built less did not.



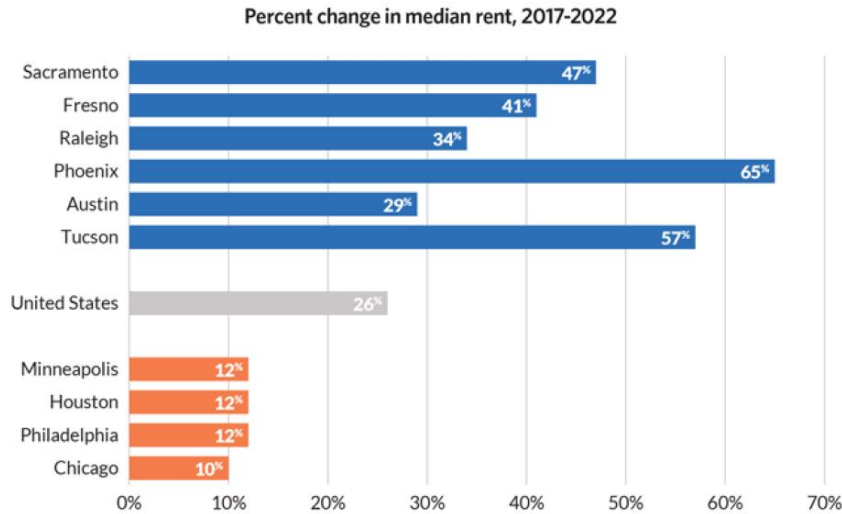
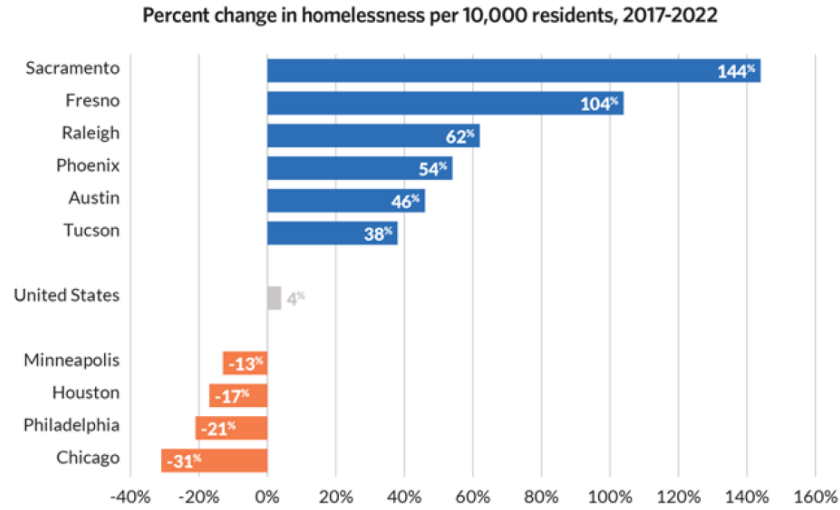
Source: CoStar
 Note: US average is for the 50 largest markets. Data reflects rents and new unit growth as of 2025 Q4 QTD.

- Downstream, housing costs directly drive homelessness, and increasing housing supply can directly help.
- Homelessness is fundamentally a housing supply issue. Cities with flexible zoning that allow diverse housing types see slower rent growth, which directly corresponds to slower growth, or outright declines, in homelessness rates. This is illustrated in the charts below.¹¹

¹¹ Horowitz, A., Hatchett, C., & Staveski, A. (2023, August 22). How housing costs drive levels of homelessness. The Pew Charitable Trusts. <https://www.pew.org/en/research-and-analysis/articles/2023/08/22/how-housing-costs-drive-levels-of-homelessness>.

Homelessness Increased in Areas Where Rents Soared

Percentage change in median rent and homelessness per 10,000 residents, January 2017 to January 2022



Sources: Homelessness data comes from the U.S. Department of Housing and Urban Development's (HUD's) Point-in-Time estimates in 2017 and 2022. Population data comes from the 2017 and 2021 American Community Survey (ACS) one-year population estimates from the U.S. Census Bureau. Rent levels come from Apartment List's Rent Estimates data in January 2017 and January 2022, downloaded on June 15, 2023. The city names listed refer to HUD's Continuum of Care (CoC) for the city, which most often covers the county in which the city resides (for example, Wake County for Raleigh, Maricopa County for Phoenix, Hennepin County for Minneapolis) but sometimes covers multiple counties. When the CoCs cover multiple counties, rent data for the largest county in the CoC was used.

Supply-side interventions alone are not sufficient to fully address homelessness.

- As Morgan Mansa noted in her January interview with the Triangle Business Journal, supply is one piece of the puzzle.¹²
- However, the market alone cannot build fast enough or cheap enough to house our lowest-income neighbors or those experiencing homelessness today.¹³ For

¹² Thompson, K. (2026, January 14). Wake County housing director takes on affordability crisis. Triangle Business Journal. <https://www.bizjournals.com/triangle/news/2026/01/14/wake-county-housing-affordability-morgan-mansa.html>.

¹³ Arik, H. (2026). Building our way to affordability? What the housing supply debate means for Tennessee. Tennessee Housing Development Agency. <https://thda.org/news/building-our-way-to-affordability-what-the-housing-supply-debate-means-for-tennessee/>.

these most vulnerable populations, deep public subsidies and direct, demand-side housing interventions are needed.¹⁴

- But restricting or halting market-rate construction does not eliminate regional housing demand. Instead, a lack of new supply forces higher-income households to compete for older, naturally affordable housing stock, accelerating price appreciation and leading to displacement.¹⁵

This is why the City’s strategy uses market-rate supply to stabilize rents while deploying targeted interventions to both increase the number of legally binding affordable housing and to protect our lowest-income residents. Specifically, the City of Raleigh 2026-2030 Affordable Housing Plan establishes three distinct strategic areas:

1. Increasing the supply of affordable housing
2. Improving housing affordability across Raleigh’s entire housing supply
3. Addressing homelessness.¹⁶

Raleigh staff reached out to Wake County Housing Director Morgan Mansa, who provided the feedback below.

- Morgan meant to suggest that while increasing housing stock can alleviate some of the pressure in a tight housing market like ours, it is not the only solution especially when it comes to serving Raleigh residents with the lowest incomes.
- That is what she is getting at when she said, “I think there’s one part of the puzzle in supply” in the Triangle Business Journal interview.¹⁷

¹⁴ Been et al. (2025).

¹⁵ Manville, M., Lens, M., & Monkkonen, P. (2022). Zoning and affordability: A reply to Rodríguez-Pose and Storper. *Urban Studies*, 59(1), 36-58. <https://doi.org/10.1177/0042098020910330>

¹⁶ City of Raleigh. (2025, July). City of Raleigh 2026–2030 affordable housing plan (Final draft). Housing and Community Development Department. <https://cityofraleigh0drupal.blob.core.usgovcloudapi.net/drupal-prod/COR19/ahp-final-draft-july-2025.pdf>

¹⁷ Thompson, K. (2026, January 14).

We don't live in a housing system designed to deliver affordability through falling prices. 9. Our financial markets for housing are designed to seek and maintain the high prices. Cycles of overproduction produce short-term price cuts, but how is sustained filtering possible when our markets are designed to cut supply to maintain profitability?

Answer: About a third of the cost of a new development is financed with equity, and it is true that equity investors will not invest in ground-up development, which is seen as inherently risky, unless the development can produce a return high enough to compensate for the extra risk. When expected returns fall below what equity investors require, their money will sit on the sidelines until market conditions improve. This puts a floor on how far rents and prices can fall in *new* buildings.

However, it does not follow that sustained filtering is not possible and that the prices of older, *existing* units cannot fall. Downward filtering occurs as units age and become less desirable compared with new units. So long as there are sufficient new units to absorb demand, older units can continue to fall in price (either in absolute terms or relative to inflation) even as newer, more expensive units are built. The existence of NOAH units, which are almost always filtered units, is proof of this.

Existing units can also filter *upwards* in price in response to local factors and in the face of regional supply constraints. We have seen this in neighborhoods surrounding downtown Raleigh, where older homes, having filtered downward throughout the post-war 20th century, began filtering upward in the 21st century as these neighborhoods became newly desirable. A Freddie Mac study showed that within a given market, some neighborhoods may be in the process of filtering upwards and others downwards, but that in supply-constrained markets (termed “inelastic”) upward filtering is more pervasive. As stated in the conclusion:

“The influence of house price appreciation on filtering implies a role for policy makers to adopt policies that would increase the elasticity of supply, driving down prices and allowing filtering to increase the stock of available affordable housing. Generally, policies encouraging the creation of new housing supply will assist in directly easing demand pressures and reducing the rate of house price appreciation, allowing properties to filter downward.”¹⁸

Subsequent analysis by Kevin Erdman indicates that the process of upward filtering resulting from supply constraints is regressive, having a disproportionate impact on lower-income neighborhoods, hence lower-income households. Quoting from the abstract:

“Where the production of new units is constrained, the existing stock of homes is instead claimed by residents with higher incomes, leaving residents with lower incomes to either accept higher rents on the housing that remains or move away to more affordable metropolitan areas. *Inelastic housing supply causes price/income ratios to rise more in ZIP codes where incomes are low*, and this pattern can be used as a real-

¹⁸ Liu, L., McManus, D. & Yannopoulos, E. (2020, March). Geographic and Temporal Variation in Housing Filtering Rules. Freddie Mac. <https://www.aeaweb.org/conference/2021/preliminary/paper/GebzrYS>

time estimate of regional supply constraints.” (Emphasis added).¹⁹

An influential theory as to why housing supply may be inelastic was advanced by the economist William A. Fischel.²⁰ It argues that homeowners are disproportionately active in local politics and support policies which protect or enhance the value of their home, often a household’s largest asset. While subsequent research suggests that a more complex set of factors beyond simple financial interest influence development politics, it seems intuitive that homeowners would resist policies that devalue their homes. However, for older homes to become affordable, they need not fall in value in absolute terms; it is sufficient for appreciation to occur at a rate slower than growth in incomes.

¹⁹ Erdmann, K. (2022, November). Price is the Medium through which Housing Filters Up or Down: A Proposal for Price/Income as an Indicator of Housing Supply Elasticity. Mercatus Policy Research Center.
https://www.mercatus.org/system/files/erdmann_rp_housing_filters_v1.pdf

²⁰ Fischel, W. A. (2001). *The Homevoter Hypothesis: How home values influence local government taxation, school finance, and land-use policies*. Harvard University Press.

Does adding market rate units improve affordability?

10. Advocates of filtering theory say that over time, adding market rate units improves affordability for low- and moderate-income housing via vacancy chaining. Economist reports on filtering say two things: First, that housing markets are unique and complex, so isolated data may not be relevant, and second, filtering can take decades to show measurable results. Can the city provide local or national filtering affordability data that is credible and meaningful for Raleigh?

Answer: Filtering is seen as a long-term process, as it may take years for a home built today to filter down to an affordable level. It does not follow, however, that it will take decades for new supply to positively impact affordability. The great majority of available units are existing units, and new supply competes with those existing homes from the moment it comes on the market. By absorbing demand from higher-income buyers and renters, new supply allows ongoing filtering to continue. Absent new supply, higher-income buyers and renters would instead enter the market for existing units, driving up rents and prices for these older homes. This can halt downward filtering that began long ago. The Freddie Mac and Pew Charitable Trusts papers cited in previous answers address this in more detail.

One simple measure of affordability is the ratio between the median home price and median income. In the U.S., this ratio has deteriorated from 2.5 in the 1950s to 4.9 today. A recent New York Times analysis published this ratio for metro areas across the nation. Austin, Texas is cited in the article for maintaining a ratio under the national average (4.6) by building a large number of homes in the face of growth. Raleigh, by comparison, has an even lower ratio of 4.3, which is lower than the ratio for every large city in North Carolina; Durham, Greensboro, Winston-Salem, and Charlotte all have higher ratios.²¹

²¹ The New York Times Editorial Board. (2026, May 18).

Does the influx of affluent relocates to Raleigh prevent vacancy chaining?

11. Filtering depends on local market relocations into new units, increasing the supply of lower priced local units. Can the city provide data showing how many new units are occupied by local relocations versus by out-of-town relocations?

Answer: The City does not collect or maintain data for home sales or rental leases as to whether the prior address of the buyer/lessee was from outside the metro market. Such data is not available from any public data source, so collecting such data would require either primary surveys or private sources. That being said, Raleigh does have a higher share of new housing occupants coming from outside the region than less fast-growing areas, and this phenomenon can modestly reduce the impact of filtering. Staff understand this to mean that more supply is needed to ensure a sufficiently elastic housing market to accommodate both newcomers and existing residents.

Academic studies looking at vacancy chains have had to turn to private data sources primarily compiled for marketing purposes, such as Infutor Data Solutions.²²

It is possible to track housing production numbers and compare them to household growth, including in-migration. Such an analysis would likely find rough parity between these figures over time; otherwise, vacancy rates would be forever increasing. However, knowing that new housing production is in line with in-migration numbers does not show that all these new units are taken up by newcomers. The composition of in-migrating households is, like in-market movers, heterogeneous, and will contain households at many income levels, even if the average wealth and income of the newcomers is higher than the current population. Households moving in from out-of-market will land in both new and existing units, leaving room for in-market households to move into new units, creating vacancy chains.

²² Mast, E. (2019).